

CITY OF HAYWARD
and
SERVICE EMPLOYEES INTERNATIONAL UNION – LOCAL 1021
CLERICAL AND CONFIDENTIAL UNIT

SIDE LETTER OF AGREEMENT

**RE: Amends Provisions for Salary Increases, Employee PERS Contributions,
Deferred Compensation, and VEBA**

This Side Letter of Agreement is made between the City of Hayward ("City") and the Service Employees International Union, Local 1021, Clerical and Confidential Unit ("Local 1021") and amends certain provisions of the current Memorandum of Understanding effective May 1, 2007 and extended through April 30, 2013 (hereinafter referred to as the "2007-2013 MOU") between the parties regarding salary increases, employee PERS contributions, deferred compensation and VEBA.

The parties have met in good faith on the projected revenue shortfall facing the City of Hayward ("City") for FY 2013. During the parties' discussions, the City identified a savings target of 15% for FY 2013, to be increased to 17% for FY 2014. The parties have reached agreement on the various concessions identified in this Side Letter. These concessions are intended to aid the City in maintaining routine and necessary services. These measures will partially mitigate the City's revenue shortfall for FY 2013. Although the savings reflected in this Side Letter do not achieve the full 15% target identified for FY 2013, the savings reflect a phased-in approach towards reaching the 17% target discussed for FY 2014.

The City and Local 1021 agree that the terms of this Side Letter of Agreement shall be effective July 1, 2012 and remain in effect for the remainder of the term of the 2007-2013 MOU and until the parties have completed the meet and confer process for a successor MOU. The terms of this Side Letter shall supersede and replace all other Side Letter and MOU provisions on the specific topics identified below.

1. SALARY

Section 9.01 Salaries

The parties agree to delete the provision of the June 23, 2010 Side Letter between the City and Local 1021, which amended Section 9.0 of the 2007-2013 MOU in its entirety. There will be no adjustment to salaries.

Section 9.02 Salary Survey Clerical and Confidential

These sections shall be amended to provide for a salary survey as defined in said sections by February 1, 2013 instead of February 1, 2011. The City and SEIU shall share the costs equally for consultant services required to conduct such survey.

Section 9.04 Employee Savings for FY 2012 (July 1, 2011 through June 30, 2012)

The parties agree that the provision of the June 23, 2010 Side Letter between the City and Local 1021, which added Section 9.04 to the 2007-2013 MOU has expired by its terms and is hereby deleted.

2. RETIREMENT

Section 10.01 Retirement Program

Effective with the pay period including July 1, 2012, Section 10.01 of the 2007-2013 MOU shall be deleted in its entirety and replaced with the following language:

The City will continue to contract with the Public Employees' Retirement System (PERS) to provide a retirement program for bargaining unit members. Benefits shall include:

1. 2.5% @ 55 benefit formula
2. Fourth Level of 1959 Survivor's Benefits
3. One (1) Year Final Compensation
4. Military Service Credit as Public Service
5. Continuation of Pre-Retirement Death Benefit after Remarriage of Survivor
6. \$500 Retired Death Benefit
7. 2% Annual Cost-of-Living Allowance Increase

These benefit plans require an employee contribution of eight percent (8%). Employees shall pay the full employee contribution of eight percent (8%), which shall be paid by the employee on a pre-tax basis in accordance with the IRS Section 414(h) (2) method of reporting retirement payments.

An employee, who is not eligible for enrollment in the Public Employees' Retirement System and who, in accordance with the federal Omnibus Budget Reconciliation Act of 1990, is required to be covered by Social Security or an alternate system shall be enrolled in the Public Agency Retirement System (PARS). The City shall contribute 3.75 percent of covered earnings into the employee's PARS account.

3. DEFERRED COMPENSATION

Section 10.03 Deferred Compensation

Effective with the pay period including July 1, 2012, the City will no longer provide an employer contribution to a deferred compensation plan on behalf of any Local 1021 represented employees. Employees may continue to make employee contributions in accordance with the terms of any Deferred Compensation Plan and subject to State and Federal tax law requirements.

4. VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION PLAN (VEBA)

Effective with the pay period including July 1, 2012, the City will no longer provide an employer contribution to a VEBA plan on behalf of any Local 1021 represented employees. Employees may continue to make employee contributions in accordance with the terms of side letter agreement that will be negotiated by the parties and subject to State and Federal tax law requirements.

5. BUSINESS CLOSURES


In the event that the City Manager determines that business closures may be beneficial, the City agrees to provide the Union with notice of that decision and an opportunity to meet and confer, as required under the provisions of the Meyers-Milias Brown Act.

For Local 1021


Clerical Unit- Duce O'Bayley

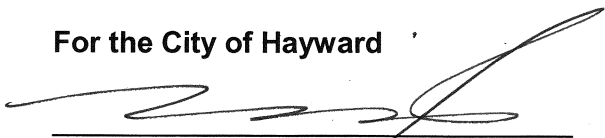

Clerical Unit- Debbie Summers

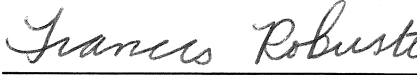

Margaret Cunningham, Representative


Angela Osayande, Representative

4/26/2012
Date

For the City of Hayward


Fran David, City Manager


Frances Robustelli, HR Director

4/26/2012
Date